

**Questions & Answers**  
**Westover Air Reserve Base Utility Systems Privatization**  
**SP0600-03-R-0125**

**Question #1** Can a listing of recent Utilities Privatization awards (i.e. Service, installation, utility system) be provided?

**Answer #1** Yes--Air Force: Minneapolis-St Paul ARB, MN -- Gas  
Youngstown ARS, OH -- Electric

Army: Fort Bliss, TX -- Electric and Gas  
Fort Detrick, MD -- Gas  
Fort Leavenworth, KS -- Water and Wastewater  
Fort McNair, VA -- Gas  
Fort Rucker, AL -- Electric and Gas  
Picatinny Arsenal, NJ -- Electric

**Question #2** Can copies of actual awarded Utilities Privatization contracts be provided to illustrate the typical layout of an awarded contract?

**Answer #2** No, this is sensitive information. Generally, a Utilities Privatization contract consists of the Request for Proposal, excluding Sections K, L, and M of the Request for Proposal. Also, contractor's proposal and any other documents negotiated will be incorporated into the contract prior to the contracting officer's signature.

**Question #3** Can you explain a possible reason why an Offeror would not want to recoup 100% of the utility system's Purchase Price on the Schedule B-2 (Schedule B-3 for regulated utilities)?

**Answer #3** In order to have a more favorable price proposal, an Offeror may choose not to recoup 100% of the utility system's purchase price.

**Question #4** Can you explain the logic of requiring an Offeror to annotate the Purchase Price on the Schedule B-2, Utility Service Payment by the Government (or Schedule B-3 for regulated utility companies), and then have the Offeror turn around and indicate how much of the Purchase Price they plan to recoup (i.e. Recoverable Portion of the Purchase Price)? In most cases, it seems that an Offeror would want to recoup 100% of the Purchase Price, in which case it would be a zero sum gain overall. What is the purpose of this requirement?

**Answer #4** The purpose of requiring an Offeror to indicate the Purchase Price is to document whether the Offeror is paying fair market value for the utility system. If the Purchase Price indicated by the Offeror is below the fair market value, the Offeror risks having to pay capital gains taxes. The Recoverable Portion of the Purchase Price is a place on the Schedule B-2 where an Offeror can indicate how much of the Purchase Price they want to recoup. As explained in Question #1, recouping less than 100% of the Purchase Price will make an Offeror's proposal more economical. On the other hand, an Offeror cannot request to recoup more than 100% of the Purchase Price.

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**Question #5** Can you provide more explanation on the concept, process and consequences of submitting a bundled bid?

**Answer #5** IAW Section B.4 of the RFP, Offerors may submit individual offers or create “bundles” from the contract line items listed in Schedule B-1. If an Offeror believes some type of “economy of scale” or efficiency can be realized by combining utility systems into one offer, it may choose to submit a bundled offer. However,

bundled offers represent an “all or nothing” approach – if any single system in the bundled package is not cost effective, the entire bundled package will not be considered for award. Each system in the bundled offer must stand, financially, on its own merit. In order for an Offeror to win with a bundled package, each utility system in the package must, on its own, “win” the competition against all other offeror proposals.

**Question #6** Can an Offeror submit individual proposals and bundled proposals on the same utility systems?

**Answer #6** Yes.

**Question #7** What effect will there be on a privatized utility system if the installation gets selected for closure under the BRAC (Base Realignment and Closure) process?

**Answer #7** If the Government terminates the service provider contract due to BRAC, this is considered a Termination for Convenience to the Government. In accordance with Section F.1 of the Request for Proposal, the appropriate Federal Acquisition Regulations (FAR) termination clauses will apply. Through negotiations, the Government will reimburse the contractor for all reasonable and allowable costs.

**Question #8** If the utilities privatization contract is terminated due to BRAC, does ownership of the utility system revert back to the Government?

**Answer #8** No, the Government does not take the system back. It remains the property of the Contractor. Continued access to the utility system will be governed by the existing Right of Way until the installation property is sold/transferred to a new owner.

**Question #9** What types of issues can be renegotiated at the two-year period (and every three years thereafter)?

**Answer #9** The purpose of the renegotiation period at the two-year period (and every three years thereafter) is to adjust the Government’s monthly charge for inflation. If the Government adds to or decreases the scope of the utility system (for example, by adding or demolishing facilities), or if an additional scope (previously undocumented) is discovered, the Contractor may renegotiate this change in scope at the time it is brought to its attention. The Contractor does not need to wait until the two-year/three-year negotiation periods before negotiating any new scope. In order to ensure proper

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compensation, it is recommended the Contractor negotiate any scope changes immediately upon discovery.

**Question #10** How closely does the Schedule L-2 (Renewals & Replacements) information have to follow the annually submitted 5-Year Capital Upgrades and Renewals and Replacements Plan? For example, if, as part of its proposal, an offeror plans on replacing a generator at year 10 (shown on its Schedule L-2), how should it be illustrated in the annual 5-year plan if it turns out the generator has to actually be replaced at year 7 (due to early failure)? Will the Contractor be justified/allowed to renegotiate due to equipment failure that occurs ahead of estimated timeframes?

**Answer #10** The Government understands that the line items on the Schedule L-2 will not necessarily match up exactly with the line items on the annually submitted 5-Year Capital Upgrades and Renewals and Replacements Plan. It is not the intent for the Schedule L-2 (developed and submitted at the contract solicitation stage) to be the dictating document for renewals and replacement activity throughout the life of the contract. The Schedule L-2 is used for comparing Offerors proposals against the Government estimate on an “apples-to-apples” basis. The Schedule L-2 is developed based upon inventory data provided in the RFP and associated attachments. The Schedule L-2 info is used in the determination of the monthly Government payment for the duration of the contract. After contract award, the Contractor will annually submit a 5-Year Capital Upgrades and Renewals and Replacements Plan which will show actual planned line items for capital upgrades, renewals and replacements. Even though the 5-Year Plan’s line items may not exactly match the Schedule L-2 (in description or timing), this is not justification for renegotiation. Other than the planned renegotiation periods at the 2-year period (and every 3 years thereafter) for inflation, renegotiations will only be conducted for documented additions/decreases in scope. Changes in the “time phasing” or type of individual renewal and replacements items do not constitute adequate justification for renegotiations.

**Question #11** Schedules B-2 and B-3, what index does the contractor used in calculating for the price inflation (Prospective Price Redetermination every 3-years)?

**Answer #11** The contractor proposes a price inflation based upon the different categories. The Government then compares the President’s Budget with the proposed estimates in determining the negotiated inflation rate (see Section M.4.6.3 of RFP).

**Question #12** Are drawings included in the RFP?

**Answer #12** No, drawings are in the tech library.

**Question #13** Who performs the Economic Analysis?

**Answer #13** The A&E under contract with the Government performs the analysis.

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